

Division of Securities
Utah Department of Commerce
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Salt Lake City, Utah 84114-6760
Telephone: (801) 530-6600

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

**IN THE MATTER OF THE LICENSE
OF:**

HENRY S. BROCK, CRD# 722490

Respondent.

STIPULATION AND CONSENT ORDER

Docket No. SD 03-0007

The Utah Division of Securities, (Division), by and through its Director of Licensing, George Robison, and Henry S. Brock (Brock) hereby stipulate and agree as follows:

1. Brock was the subject of an investigation conducted by the Division into allegations that Brock violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, et seq, as amended.
2. On March 13, 2003, the Division petitioned for an order suspending or revoking license, barring or censuring Brock and imposing a fine. The petition was amended in October 2005. Brock filed responsive pleadings to the petitions, disputing the Division's statement of facts, legal authority, and request for relief.

2. In compromise of these disputed claims, Brock and the Division have agreed to settle this matter by way of this Stipulation and Consent Order (Order).
3. For purpose of this Order, Brock admits the jurisdiction of the Division over him and over the subject matter of this action.
4. Brock is represented by attorney Randall K. Edwards and is satisfied with the legal representation he has received.
5. Brock has read this Order, understands its contents, and enters into this Order voluntarily. No promises or threats have been made by the Division, nor by any representative of the Division, other than as contained herein, to induce Brock to enter into this Order.
6. By entering into this Order, Brock waives any right to a hearing to challenge the Division's jurisdiction relative to this matter, or the Division's evidence asserted against him. Brock further waives any right to present evidence on his behalf.
7. Brock also understands that, by entering into this Order, he gives up the right to seek agency review or an appeal of this matter, administrative or judicial.
8. Brock acknowledges that this Order, upon approval by the Division Director and the Securities Advisory Board, shall be the final compromise and settlement of this matter. Brock further acknowledges that if the Division Director and the Securities Advisory Board do not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

I. FINDINGS OF FACT

9. Brock was licensed as a broker-dealer agent with Brecek & Young Advisors, Inc. from December 19, 2002 until April 1, 2003. Prior to that, Brock was licensed as a broker-dealer agent of Ameritas Investment Corp. (“Ameritas”) from August 10, 2002 to October 9, 2002. Brock was also a broker-dealer agent of Signator Investors, Inc. (“Signator”) from November 1, 1991 to February 3, 1997, when Brock was discharged. In addition, he was licensed as an investment adviser representative from June 1991 through February 1997.
10. During all periods relevant to this action, Brock was the owner of Brock Financial Advisors dba Apex Advisors (“Apex”), Five Star Asset Management, LLC (“Five Star”) and Brock Financial & Research Institute, LLC (“BFRI”).
11. Apex was a federal-covered investment adviser from September 3, 1985 until February 7, 2003. Five Star was a federal-covered investment adviser from January 7, 1993 until February 7, 2003.
12. BFRI is an “investment-related” business founded by Brock and used to solicit investment advisory clients and securities clients through seminars, flyers and mailers.
13. Agents of Apex and Five Star were licensed as broker-dealer agents of Signator, Freedom Financial, Ameritas and then Brecek & Young.
14. During the period when Brock was not licensed, Brock arranged for Five Star to enter a “preferred selling agreement” to provide money management and financial plans for

Freedom Financial, a broker-dealer where many of Brock's employees were then employed. The agreement was signed by Freedom Financial, and Brock, as President of Five Star, on July 1, 1999.

15. In February 2002, the Division received a flyer for a BFRI free lunch seminar to be held in Salt Lake County in which Brock would be the presenter. The flyer targeted senior citizens for the purpose of soliciting clients. Brock was not properly licensed at the time.
16. The Division sent Brock a letter requesting documentation to support the representations made on the flyer and asked for a response before the seminar was held.
17. Brock failed to produce the information, claiming he was unable to provide the documentation on such short notice, but invited the Division to attend the seminar.
18. Division auditor Russell Wilson attended the February 13, 2002 seminar.
19. Based on the flyer, representations made during the seminar and in the handout materials provided at the seminar, on March 1, 2002, the Division sent Brock a second request for the documentation to support the claims on Brock's flyer.
20. Instead of providing the documentation, Brock contacted the Executive Director of the Department of Commerce as well as the Division Director, Tony Taggart. Brock claimed that producing the requested information was unduly burdensome.
21. On December 6, 2001, Five Star client S. E. filed an NASD arbitration claim against a Five Star agent and others, alleging \$1,600,000 in damages. The complaint was later amended to specifically add Five Star and Brock as named parties. Brock was dismissed

- on January 6, 2003, and the claim was settled by Five Star and other respondents for \$260,000 on February 19, 2003.
22. Between March 2002 and September 2002, the Division received three complaints naming Brock and his companies, alleging misrepresentations, guarantees against loss, and unsuitable transactions.
 23. In August, 2002 Brock became employed with Ameritas.
 24. Brock disclosed no customer complaints on the Central Registration Depository (“CRD”) and therefore when Ameritas filed an agent application it was automatically approved by the Division. Brock became licensed in Utah as a broker-dealer agent of Ameritas on August 10, 2002.
 25. In early August 2002, Brock signed documents acknowledging he had received and would abide by Ameritas’ policies and procedures, disclosed outside business activities, and indicated he was familiar with books & records requirements and customer complaint reporting requirements.
 26. On September 23, 2002, the Division faxed and mailed Ameritas a letter requesting information regarding the complaints, seminars conducted prior to the licensure of Brock, supervision of and new business submitted by Brock.
 27. On September 24, 2002, the Division received a new flyer promoting another seminar presented by Brock to be held in Davis County on September 25, 2002.
 28. The Division spoke with Maria Sherffius (“Sherffius”), Compliance Officer for Ameritas,

regarding the Division's September 23, 2002 request, the flyer the Division had received about the September 25, 2002 seminar, and whether the firm had approved the seminar and materials.

29. Sherffius stated that the seminar, flyers and materials were not approved, and Sherffius was unaware of the seminar.
30. George Robison, licensing director, attended the September 25, 2002 seminar and received a packet of sales literature similar to the packet distributed at the February seminar.
31. Included in the packet were the following investment-related items:
 - a. an Ameritas business card with Brock's name
 - b. Apex Form ADV (Uniform Application for Investment Adviser Registration) documents
 - c. "How Apex Advisors Assists Clients"
 - d. "Appreciating Crisis Investing"
 - e. "Bond Fund Buyer Beware"
32. Based upon the undisclosed complaints forwarded to Ameritas, the sales literature, and the unapproved seminars conducted by Brock, Ameritas placed Brock on inactive status as of September 26, 2002.
33. On October 3, 2002, Brock telephoned the Division to meet with Taggart to discuss Brock being placed on inactive status by Ameritas. Taggart was unavailable, and Brock

threatened to sue the Division.

34. Brock then came to the Division in person the same day to speak with Taggart. Brock hand delivered a letter dated October 3, 2002 to Taggart accusing the Division of misconduct.
35. The Division faxed a copy of the letter to Ameritas. Ameritas had not approved the letter and indicated that contacting a regulator required Ameritas' approval.
36. Sherffius and Ameritas' legal counsel informed the Division that Brock's October 3, 2002, letter was not approved correspondence by Ameritas and did not reflect the opinions of Ameritas.
37. On October 4, 2002, Brock e-mailed Taggart, requesting that the Division send a letter to Ameritas clearing him.
38. On October 7, 2002 Taggart sent Brock a letter by fax and registered mail declining Brock's request, confirming that Brock was under investigation, and denying Brock's accusations.

Audit and Investigation

39. On October 8-9, 2002, the Division audited Ameritas.
40. On October 8, 2002, Ameritas terminated Brock's employment.
41. The Division's audit and investigation revealed:
 - a. Prior to being licensed as a broker-dealer agent or investment adviser representative, Brock solicited clients to make purchases requiring a NASD

securities license, and opened accounts for, among others, seminar attendees M. C., D. G. and A. G., E. J., J. D., J. and D. H., T. and M. J., and W. and B. W..

- b. A letter in which Brock said he intended to split commissions with another agent of Ameritas on M. W.'s account prior to Brock being appointed.
- c. While unlicensed, Brock continued to solicit business requiring a securities license by conducting business through his wife, Julie Brock, his brother Wendell Brock, and other licensed individuals who were affiliated with Brock's companies.
- d. Julie Brock became employed with Freedom Financial on March 30, 2000, and became licensed in Utah as a broker-dealer agent on November 2, 2000.
- e. Freedom Financial conducted an audit on Julie Brock and other agents affiliated with Brock to determine whether Brock was running business through Julie Brock.
- f. In June 2002, by letter, Freedom Financial terminated those agents who were affiliated with Brock and his companies, and terminated its preferred selling agreement with Five Star.
- g. Freedom Financial notified Brock verbally and in writing that he was not to hold himself out as a licensed representative of Freedom Financial.
- h. On May 2, 2002, Brock met with Mr. and Mrs. M. L. ("M.L. ") to convince them not to transfer their account. Brock promised to guarantee against any loss they

might have in their account for the time period from May 2, 2002 through August 2, 2002 if they kept their account with Brock. The agreement was reduced to writing and signed by the M.L. and Brock. When the account decreased in value, they renewed their request to transfer the account. Brock wrote them a check for the losses but M.L. did not accept the money.

- i. In addition to the guarantee to the M.L., the Division found that Brock made similar guarantees for M. C..
- j. To re-establish his relationship with former clients, Brock agreed not to charge any account fees unless the accounts made a positive investment return .
- k. Brock was required by Ameritas, NASD and the Division to collect information from clients when opening a new account. Brock did not collect this information and at the time the Division conducted its audit did not have new account forms. Due to Brock not collecting this information, Brock caused Ameritas to be in violation of books and records requirements imposed upon it.
- l. Following the examination, information which was not provided to the Division was requested in a letter dated October 25, 2002. To date, this information has not been provided.
- m. In letters to agents associated with Brock, Brock admitted he was not complying with the books and records requirements of the Investment Advisers Act of 1940.
- n. Brock admitted he does not maintain a correspondence file, but instead placed

correspondence in client files.

- o. Brock admitted he does not maintain mailing lists for his flyers, but claims to have sent 6.2 million flyers out over the last 20 years.
- p. Brock admitted to the Division that he does not maintain a complaint file.
- q. In a letter to Wendell Brock dated August 16, 2002, Brock offered to park Wendell Brock's license while Wendell Brock engaged in other business activities.
- r. Brock held himself out as a Certified Financial Planner ("CFP") even though his registration as a CFP lapsed in 1997, and was subsequently revoked in 1999.
- s. BFRI was used by Brock to solicit investment advisory clients and securities clients for himself and his associates.
- t. During these seminars, Brock, through BFRI, used testimonials, touted his knowledge and experience, and used scare tactics to persuade attendees to meet and receive advisory services.
- u. These presentations would not have been allowed as an investment adviser. They were also not approved by Brock's broker-dealer.
- v. None of the seminars or flyers were authorized by Ameritas.
- w. Brock's investment advisory agreements contain hedge clauses which purport to limit Brock's liability and mislead clients into believing they have waived certain rights of action.

- x. Five Star's Form ADV fails to disclose that its contracts are assignable without the clients' consent.
 - y. Five Star and Apex's Form ADVs were incomplete and omitted material information required to be disclosed.
 - z. Brock has been informed of his regulatory advertising deficiencies on numerous occasions but failed to correct such deficiencies.
42. Within a few months of the Division's audit, on January 3, 2003, Brock filed for Chapter 7 bankruptcy. Brock named the three clients who had filed complaints against him in his list of creditors. Brock also named as creditors more than twenty- five other clients, who had not filed any complaints against him.
43. A 2002 audit of Brock's investment advisory firms by the SEC found numerous securities violations, and revealed the precarious financial conditions of Brock's companies, including negative current assets, an overdrawn checking account, and more than \$50,000 in debt. Brock informed the SEC at that time that whenever income was generated by any of the affiliated entities, it was used to pay the most current debt owed by any of his companies. The SEC further found that Five Star, Apex, and BFRI were not separate and distinct from Brock or each other.
44. In a 1999 SEC examination, some of the same deficiencies were identified and required to be corrected.
45. Brock failed to provide the required documentation as requested by the Division in its

letters dated February 7, 2002, March 1, 2002, during the examination of October 2002, and the Division's request of October 25, 2002.

II. CONCLUSIONS OF LAW

Unlicensed Investment Adviser

46.

- a. Brock willfully violated § 61-1-3(3) by conducting seminars through BFRI and holding himself out as an investment adviser and providing investment advisory services without a license.

Unlicensed Investment Adviser Representative

- b. Brock was an officer, director, and owner of two investment advisers. His investment adviser companies were required to be licensed or noticed-filed under the Act. As a control person of such companies, Brock was required to be licensed. Moreover, Brock acted in the capacity of a supervisor over those employed with his investment advisory businesses. Brock solicited and negotiated for the sale of advisory services for Apex and Five Star as well as those investment adviser representatives who were affiliated with Brock's two advisory businesses. Despite his unlicensed status, Brock held himself out as an investment adviser representative, met with clients, and recommended investments.

Unlicensed Broker-Dealer Agent

- c. Brock willfully violated § 61-1-3(1) by soliciting clients, during seminars and in meetings which followed, to effect securities transactions which required that he be licensed with the Division as well as with an NASD member or broker-dealer. Brock knew of the licensing requirements, but instructed other employees associated with one of his companies to sign the new account documentation, thus misrepresenting the agent of record on the particular transaction.

Securities Fraud

- d. Brock violated Section 61-1-1(2) of the Act when he engaged in conduct including, but not limited to, the following:

Fraud Against Clients:

- i. Failing to disclose to his clients he was not licensed as an investment adviser representative or broker-dealer agent;
- ii. Failing to disclose that BFRI was not licensed as an investment adviser;
- iii. Failing to disclose that seminars he conducted while associated with Ameritas, at which time he distributed Ameritas business cards, had not been approved by Ameritas, and that Ameritas was not even aware of such seminars or their content;
- iv. Failing to disclose Brock's "free" lunch and dinner seminars were really a marketing device designed to "disturb" seniors to purchase products from Brock;

- v. Utilizing flyers with outrageous and unsubstantiated claims of notoriety, fame, and the investment knowledge of Brock;
- vi. Failing to disclose the precarious financial condition of Brock's investment advisory firms;
- vii. Failing to disclose that the use of testimonials was prohibited by securities laws;
- viii. Misleading clients as to the size and assets under management of his investment advisory firms;
- ix. Failing to disclose that Brock's various business entities were substantially the same entity controlled by Brock.

Fraud Against Firms:

- x. Requiring licensed agents to falsely report to their employing broker-dealers they were the agent of record;
- xi. Falsely reporting to his employing broker-dealer that BFRI was not an investment-related company;
- xii. Failing to disclose to his employing broker-dealer that he was conducting investment seminars without the required approval.

Fraudulent Acts of Investment Adviser

- e. Brock engaged in acts, practices or a course of business which operated as a fraud or deceit, in violation of Section 61-1-2(1)(b) of the Act, by:

- i. Conducting misleading investment seminars to solicit clients;
- ii. Engaging in advertising violations deemed fraudulent under Rule 206(4)-1 of the Rules promulgated under the Investment Advisers Act of 1940;
- iii. Causing to have consideration divided or split between himself and licensed investment adviser representatives or his companies;
- iv. Entering performance-based contracts with clients which violated requirements of the Act.

Fraudulent Act, Practice or Course of Business

- f. Brock violated § 61-1-1(3) of the Act when he engaged in conduct including, but not limited to, the following:
 - i. Using other agents/representatives to sign the documents required to be signed by a licensed individual following Brock's solicitation of clients;
 - ii. Using "free" seminars consisting of misleading and unwarranted representations, including testimonials, to lure and frighten "elderly and affluent" retirees into purchasing investment products which Brock was not licensed to sell, and collecting commissions directly and indirectly for such sales.
 - iii. Brock's conduct set forth in ¶ 46(f)(ii) above, constitutes a fraudulent practice under Utah Admin. Code R164-1-3(C)(1)(d) and a fraudulent device under Utah Admin. Code R164-1-3(C)(1)(i).

Failure to Maintain Books and Records

- g. Brock willfully violated § 61-1-5, and caused his employing broker-dealer to be in violation of § 61-1-5, warranting disciplinary action under § 61-1-6 of the Act by not creating or maintaining, among other things, blotters, new or updated account applications, mailing lists, e-mails, correspondence files, powers of attorney, discretionary authority documentation, and a complaint file, as required by Utah Admin. Code R164-5-1, Ameritas, and SEC Rule 17a-3.

Failure to Respond to Division Request

- h. Brock violated § 61-1-5(5) of the Act, both prior to and following the Division's audit, by failing to respond to reasonable requests made by the Division for information and documentation.

Dishonest and Unethical Business Practices **Broker-Dealer Agent Violations:**

Suitability

47.

- a. Brock's failure to complete, submit, or maintain new account applications detailing customer suitability in conjunction with business submitted through Ameritas violates Utah Admin. Code R164-6-1g(C)(3), applicable to agents under (D)(7).

- b. Brock's failure further violates NASD Conduct Rule 2310, which constitutes a dishonest and unethical business practice under Utah Admin. Code R164-6-1g(C)(28), applicable to agents under (D)(7).

Guarantee Against Loss

- c. By guaranteeing that Brock would accept the loss in the M.L. account, subsequently writing M.L. a check for that loss, and offering M.C. a guarantee against loss, Brock engaged in a dishonest and unethical practice in the securities business warranting disciplinary action under § 61-1-6 of the Act.

Deceptive or Misleading Seminar or Sales Presentation

- d. Brock's seminar presentations, advertising materials and materials distributed in connection with them violated Utah Admin. Code R164-6-1g(C)(18) as made applicable to agents under (D)(7) because:
 - i. the presentations and advertising materials were based on conjecture, unfounded, and unrealistic claims;
 - ii. Brock used testimonials of wealthy and well-known individuals;
 - iii. While the seminars purported to be educational and generic in nature, the "free" seminars were really a marketing device designed to "disturb" seniors to purchase products from Brock through the use of "free" consultations.
 - iv. By distributing Ameritas business cards, attendees were led to believe that

Ameritas had approved the seminars and sanctioned Brock's representations.

Violation of Standards Applicable to Communications with the Public

- e. Brock's conduct as described in paragraphs 47(f)(ii) and 48(d) constitute dishonest and unethical business practices, under Utah Admin. Code R164-6-1g(C)(28) as made applicable to agents under (D)(7), and violated NASD Conduct Rule 2210(d) regarding standards for communications with the public, including requirements that no material fact may be omitted if such omission would cause the communication to be misleading, and generally prohibiting exaggerated, unwarranted, or misleading statements or claims.

Agreement to Park License

- f. Brock engaged in dishonest and unethical business practices, in violation of Utah Admin. Code R164-6-1g(C)(28), applicable to agents through Utah Admin. Code R164-6-1g(D)(7) and NASD NTM 89-49, by agreeing to "park" Wendell Brock's license.

Failure to Obtain Prior Approval of Advertising and Sales Literature

- g. Brock engaged in dishonest and unethical business practices, under Utah Admin. Code R164-6-1g(C)(28), as made applicable to agents under (D)(7), and violated NASD Conduct Rule 2210(b)(1) which requires that advertising and sales literature such as that provided at Brock's seminars be first approved in writing by

a registered principal of the member firm. Brock failed to obtain prior written approval from Ameritas.

Failures to Maintain Advertising and Sales Literature

- h. Brock's failure to produce all requested records in response to the Division's request violates Rule 2210(b)(2) and is a dishonest and unethical business practice under Utah Admin. Code R164-6-1g(C)(28) and (C)(30), as made applicable to agents under (D)(7). NASD Conduct Rule 2210(b)(2) requires that advertising and sales literature be maintained in a separate file which includes the names of persons who prepared and approved their use for a period of three years from the date of each use.

Inclusion of Clients as Creditors in Bankruptcy

- i. Brock's inclusion of clients as creditors for those who had not filed any complaints or asserted claims against him is a dishonest and unethical business practice.

Dishonest and Unethical Business Practices

Investment Adviser Violations Involving Fraud or Deceit

Misrepresenting Qualifications of Investment Adviser

- 48. Brock engaged in dishonest and unethical business practices as a federal covered investment adviser in violation of Utah Admin. Code R164-6-1g(E)(8) by:
 - a. misrepresenting his qualifications and/or omitting material facts necessary to

make statements regarding his qualifications in light of the circumstances of which they were made, not misleading;

- b. failing to disclose that his seminars were marketing devices to draw business to his investment advisory firms;
- c. failing to disclose that he was not licensed to sell products he was recommending;
- d. making claims in his seminar materials which could not be corroborated;
- e. continuing to use the CFP designation after his CFP license had lapsed and later been revoked;
- f. using testimonials of wealthy and well-known individuals.

Guarantee Against Loss

- 49. Based on the Division's investigation, the Division concludes that Brock engaged in dishonest and unethical business practices as a federal covered investment adviser in violation of Utah Admin. Code R164-6-1g(E)(12) by guaranteeing that Brock would accept any loss in the M.L. account, subsequently writing M.L. a check for that loss, and offering M.C. a guarantee against loss.
- 50. Brock also engaged in fraud or deceit in making such representations because he omitted to state the material fact that his offer was specifically prohibited by state and federal securities laws.

Use of Testimonials

- 51. By using testimonials in his flyers, PowerPoint presentation, and other materials

distributed at seminars, Brock violated Utah Admin. Code R164-6-1g(E)(13), which prohibits publishing, circulating, or distributing any advertisement which does not comply with Rule 206(4)-1 under the Investment Advisers Act of 1940 (“IA Act”).

52. Brock engaged in fraud or deceit in using testimonials because he omitted to state the material fact that the use of testimonials was specifically prohibited by state and federal securities laws.

Hedge Clauses in Investment Advisory Agreement

53. Brock violated Utah Admin. Code R164-6-1g(E)(19) because his investment advisory agreements for both Five Star and Apex clients contained hedge clauses which operated as a fraud or deceit on clients because the agreements purported to limit Brock’s liability and mislead a client into believing he or she has waived certain rights of action.

Fraudulent Act, Practice, Course of Business

54. Brock’s use of fraudulent, deceptive and manipulative advertising material in violation of Section 206(4) of the Investment Advisers Act of 1940 is a dishonest and unethical business practice under Utah Admin. Code R164-6-1g(E)(20).

Engaging in Conduct Indirectly Which is Unlawful to Do Directly

55. Brock violated Utah Admin. Code R164-6-1g(E)(21) by engaging in conduct indirectly or through another person, which would be unlawful for Brock to do directly under the Act, including:
- a. presenting seminars through BFRI to draw business for his investment advisory

- firms;
- b. using testimonials in seminars;
- c. using his wife, brother and others to conduct business while he was unlicensed.

Filing of False Statements Under Section 61-1-16

56. When Brock applied to become licensed with the State of Utah as a broker-dealer agent of Ameritas, he failed to disclose on his Form U-4, Uniform Application for Securities Industry Registration or Transfer (“Form U-4”) that:
- a. Brock had at least two investment-related, consumer-initiated written complaints within the past twenty-four (24) months;
 - b. Brock had been previously discharged from employment with Signator;
 - c. The Utah State Insurance Department fined Brock \$250.00 for violating replacement regulations;
 - d. BFRI was an investment-related entity.
57. In addition, Brock filed a false, inaccurate, and/or misleading Form ADV with the Division.
58. Brock’s misrepresentations and/or omissions on his Form U-4 and Form ADV constitute false statements in violation of § 61-1-16 of the Act.

Insolvency

59. Both the SEC findings and Brock’s bankruptcy filing are evidence of his insolvency subjecting him to disciplinary action under § 61-1-6(2)(h) of the Act.

III. STIPULATION AND CONSENT

60. For the sole purpose of resolving the matters addressed herein, and for purposes of this Order only, Brock neither admits nor denies the Division's Findings of Fact or Conclusions of Law, as set forth herein, but consents to the Division entering an Order:
- a. Requiring Brock to cease and desist from engaging in any conduct in violation of the Utah Uniform Securities Act;
 - b. Requiring Brock to, within 30 days of the entry of this Order, reopen his bankruptcy petition to dismiss the clients he named as creditors , or to otherwise provide a mechanism, acceptable to the Division, whereby those clients may make any claim against Brock that may have been extinguished in the bankruptcy proceeding;
 - c. Barring Brock from associating¹ with a broker-dealer or investment adviser licensed in this State. Except as provided herein, Brock is specifically prohibited from i) advising individuals in any way regarding the sale, promotion or purchase of securities; and ii) presenting seminars in order to solicit business for, or

¹"Associating" includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. "Associating" does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the State of Utah. Acting as a Certified Public Accountant, and without giving investment advice or promoting the sale or purchase of securities, Brock may discuss with clients the tax implications of securities.

otherwise make referrals to, for any form of compensation, any broker-dealer, agent, investment adviser or investment representative licensed in Utah; and

- d. Requiring Brock to pay a \$100,000 fine. Payment of the fine will be suspended, on condition that Brock comply with the terms of this Order. If the Division finds that Brock materially violates any term of this Order within ten (10) years after the date of entry of this Order, after notice and opportunity to be heard before an administrative officer, the fine shall become due and payable immediately. After ten (10) years from the date of the entry of this Order, the suspension of this fine shall be final.
61. This Order is understood to be the resolution of the Division's claims against Brock to date and is entered into for that sole purpose and for no other purpose. The Order predicated hereon shall be without any prejudice to Brock except as specifically set forth herein.
62. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Stipulation in any way.
63. Brock acknowledges that the Order does not affect any civil or arbitration causes of action that third parties potentially might have against Brock arising in whole or in part from Brock's actions as set forth herein, and that the Order does not affect any criminal

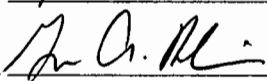
cause of action that a prosecutor might bring arising in whole or in part from Brock's actions as set forth herein.

64. Willful violation of the Order constitutes a third degree felony pursuant to § 61-1-21(1) of the Act. Any prosecution for willful violation of the Order accompanying this Stipulation shall be subject to all rules, regulations and burdens as any other criminal prosecution in the State of Utah.

DATED this 3rd day of April, 2006.

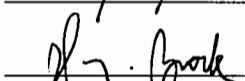
Utah Division of Securities

Date: 4/3/06

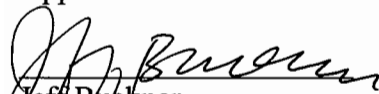
By: 
George Robison
Director of Licensing

Respondent

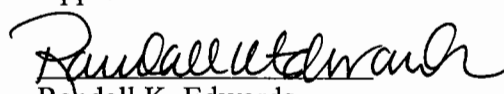
Date: 3/31/06

By: 
Henry S. Brock

Approved:


Jeff Buckner
Assistant Attorney General

Approved:


Randall K. Edwards
Counsel for Respondent

ORDER

Pursuant to the terms of the Stipulation defined above, the Director of the Utah Division of Securities hereby orders that:

- a. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement, though, for the sole purpose of resolving this matter and for the purposes of this Order, Brock neither admits nor denies the Division's Findings of Fact or Conclusions of Law;
- b. Henry S. Brock cease and desist from engaging in any conduct in violation of the Utah Securities Act;
- c. Henry S. Brock is barred from associating with an investment adviser or broker-dealer licensed in Utah, as defined in the Stipulation and Consent accompanying this Order. Except as set forth in the Stipulation and Consent accompanying this Order, Brock is specifically prohibited from i) advising individuals in any way regarding the sale, promotion or purchase of securities; and ii) presenting seminars in order to solicit business for, or otherwise make referrals to, for any form of compensation, any broker-dealer, agent, investment adviser or investment adviser representative in Utah;
- d. Brock is required to, within 30 days of the entry of this Order, reopen his bankruptcy petition to dismiss the clients he named as creditors, or to otherwise

provide a mechanism, acceptable to the Division, whereby those clients may make any claim against Brock that may have been extinguished in the bankruptcy adjudication; and

- e. Brock pay a \$100,000 fine. Payment of the fine will be suspended, on condition that Brock comply with the terms of this Order. If the Division finds that Brock materially violates any term of this Order within ten (10) years after the date of entry of this Order, after notice and opportunity to be heard before an administrative officer, the fine shall become due and payable immediately. After ten (10) years from the date of entry of this Order, the suspension of this fine shall be final and permanent.

DATED this 3rd day of April 2006.


WAYNE KLEIN

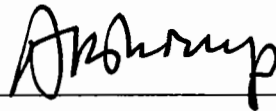
Director, Utah Division of Securities



BY THE UTAH SECURITIES ADVISORY BOARD:

The foregoing Order is hereby accepted, confirmed and approved by the Utah Securities
Advisory Board.

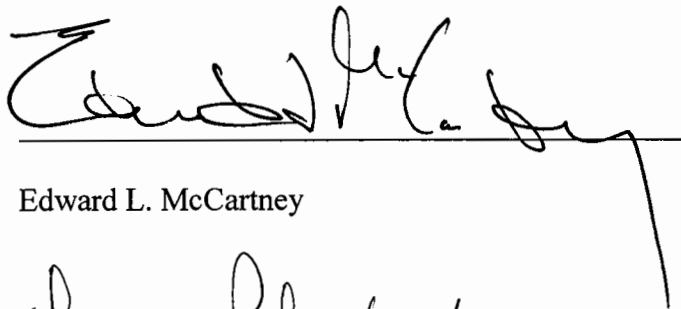
DATED this 17th day of April, 2006.



A. Robert Thorup, Chairman



John R. Jackson



Edward L. McCartney



Laura Polacheck

CERTIFICATE OF MAILING

I hereby certify that on the 28th day of April 2006, I mailed, regular mail
postage prepaid, a copy of the foregoing **Stipulation and Consent Order** to:

Paul T. Moxley
Holme Roberts & Owen LLP
299 S Main Street Ste 1800
Salt Lake City, UT 84111



Executive Secretary